

ELEVENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

PUBLIC LAW NO. 11-57

H. B. NO. 11-325, HD1

SEVENTH SPECIAL SESSION, 1998

AN ACT

To authorize the Commonwealth Development Authority (CDA) to write off a portion of the principal and interest due to it, from a loan extended to the former Marianas Islands Housing Authority (MIHA) by CDA, because MIHA was dissolved by Executive Order 94-3, and its assets were transferred to CDA; and for other purposes.

BE IT ENACTED BY THE ELEVENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Findings. The Legislature finds that the Commonwealth Development Authority (CDA) entered into a loan agreement with the Marianas Islands Housing Authority (MIHA), whereby CDA provided MIHA with ten million dollars, for the construction of approximately 150 housing units of which only 52 housing units were built that MIHA would lease to individuals of low to moderate income.

As a result of Executive Order 94-3 (E.O. 94-3), MIHA was dissolved, and its assets, duties, and responsibilities were transferred to the CDA. Pursuant to E.O. 94-3, CDA was to create a subdivision within itself to operate the Commonwealth's public housing agency. In response to E.O. 94-3, CDA created a subsidiary corporation known as the Northern Marianas Housing Corporation (NMHC). All of the assets and debts of the former MIHA were transferred to NMHC.

While NMHC has been ably operated, and has made tremendous strides in paying off the debts of the former MIHA, it is unable to payoff the entire principal balance, with accrued interest, of the MIHA-CDA loan. This is especially true as NMHC is charged with providing housing to the Commonwealth's citizens of low to moderate income, therefore, its ability to generate revenues is severely restricted.

The Legislature further finds that as a result of E.O. 94-3, and the transfers of the MIHA-CDA loan to NMHC, a wholly owned subsidiary of CDA, that the loan is in essence both a liability and asset of CDA. Therefore, in order to maintain the financial integrity of the Commonwealth's Public Housing Corporation and to provide CDA with the ability to better

manage its financial resources, the Legislature also finds that it is in the best interest of the Commonwealth to authorize CDA to write off a portion of the principal and interest that has accrued on the MIHA-CDA loan.

Section 2. MIHA-CDA Loan write-off. The CDA shall write-off approximately Six Million Six Hundred Thirty Five Thousand Five Hundred Eighty Eight Dollars (\$6,635,588.00) of the principal and any and all interest that has accrued and/or will accrue on that portion of the principal on the effective date of this Act, on that specific loan entered into by and between CDA and MIHA, in the amount of ten million dollars, on January 30, 1987. NMHC shall have the duty to repay CDA approximately Three Million Three Hundred Sixty Four Thousand Four Hundred Twelve Dollars (\$3,364,412.00) for the cost of constructing 52 housing units located at Sugar King Part II. NMHC shall have no duty to repay the remaining amount of Six Million Six Hundred Thirty Five Thousand Five Hundred Eighty Eight Dollars (\$6,635,588.00) and any interest that has accrued or will accrue on the effective date of this Act, on said portion of the loan. CDA shall have no right of action against NMHC or any of its assets, in regards to the Six Million Six Hundred Thirty Five Thousand Five Hundred Eighty Eight Dollars (\$6,635,588.00) or any interest that has accrued, or that will accrue on the effective date of this Act. However, CDA may take appropriate measures to recover the amount written off (\$6,635,588.00) and any and all interest that has accrued and/or will accrue on the effective date of this Act from other parties involved in the CDA-MIHA loan.

Notwithstanding any other provision of law, the repayment source for the Three Million Three Hundred Sixty Four Thousand Four Hundred Twelve Dollars (\$3,364,412.00) owed by NMHC to CDA shall come from the sale of the 52 units at Sugar King Part II in Garapan. The sale of the 52 units shall be in the following prescribed manner:

- (1) NMHC shall sell 42 of the 52 housing units to qualified families of CNMI descent in the following manner:
 - a) 2 BR Units @ \$59,000. ea.;
 - b) 3 BR Units @ \$64,000. ea.;
 - c) 4 BR Units @ \$70,000. ea.;
- (2) Ten housing units shall be sold at the existing housing fair market value to qualified CNMI descent.

Section 3. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent

jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 4. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 5. Effective Date. This Act shall take effect upon its approval by the Governor or upon its becoming law without such approval.

CERTIFIED BY:

ATTESTED BY:

/s/ Diego T. Benavente
DIEGO T. BENAVENTE
Speaker
House of Representatives

/s/ Evelyn C. Fleming
EVELYN C. FLEMING
House Clerk

Approved this 3rd day of February, 19989

/s/ Pedro P. Tenorio
PEDRO P. TENORIO
Governor
Commonwealth of the Northern Mariana Islands